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## SUBMISSION OF

THE ALBERTA RECLAMATION ASSOCIATION

TO

THE ROYAL COMMISSION ON COAL (1959)



## SUBMISSION OF THE ALBERTA RECLAMATION ASSOCIATION

### 1. INTRODUCTION:

The Alberta Reclamation Association is comprised of a number of strip coal mining companies acting together to further the interests of the coal mining industry in Alberta. The active members of the Association are as follows:

Alberta Coal Ltd.  
Alberta Coal Sales Limited  
Battle River Coal Company Limited  
Black Nugget Coal Co. Ltd.  
Camrose Collieries Ltd.  
Forestburg Collieries Ltd.  
Kleenbirn Collieries Limited  
Western Dominion Coal Mines Ltd.

It is not the intention of the Association to take up the valuable time of the Commission by repeating at great length the many arguments and submissions which have been or will be presented to the Commission but simply to set out as briefly as possible what the Association feels to be the main problems and contentions of its members that should, it is submitted, be considered by the Commission in its deliberations.

### 2. GENERAL COMMENTS:

It is a well-known fact that the sub-bituminous coal industry in Western Canada is in a depressed condition with the production of sub-bituminous coals being only 54% of the 1945 volume (see Appendix "B"). Competitive fuels have largely taken over the domestic markets, formerly enjoyed almost exclusively by coal, and have made great inroads into the industrial markets. The selling price of strip-mined coal at the mines has decreased in order to meet prices of competitive fuels and maintain sales volume while costs have remained almost constant. Profits have consequently decreased by 50% in the last three years as shown in Appendix "A". However, in spite of this, the cost of coal to the





consumer has increased substantially, due to the increased cost of transportation through higher freight rates.

3. SUBMISSIONS:

(A) Government Assistance

The natural consumer of Alberta sub-bituminous coals is the industrial user in Western Canada and, to a lesser extent, Eastern Canada. In order to secure and hold this market in the face of rising transportation costs, it is respectfully submitted that it will be necessary for the Government of Canada to facilitate the movement of this coal to such markets by providing some form of assistance, such as subvention. The main purpose of such assistance would be to maintain an active coal mining industry in Western Canada which will be competitive with other fuels. In the near future, it is expected that the gas and oil suppliers will forsake these industrial users for more lucrative export markets or increase their prices. The coal industry, if granted the necessary assistance at the present time, will be in a position to increase its production and continuously supply the cheap fuel requisite to the supply of energy for industry.

It is also submitted that the present form of assistance should be maintained for coal moving to foreign markets.

(B) Federal Buildings

It is respectfully submitted that the Western Canada Coal industry should have the opportunity of supplying the Federal Government buildings with fuel, particularly in the West. Every effort should be exerted to convert all such buildings to coal, to maintain the use of coal in many Government buildings where it is presently being used and to provide for the installation of coal-burning









However, Group V coals do not receive any assistance as do coals in other groups. It is respectfully submitted that all coals in all groups should receive the same treatment regarding assistance as provided by the Federal Government. See Appendix "C" and "D" attached covering Coal Group Classification and Areas as set out in The Coal Sales Act of The Province of Alberta.

(E) Employment

The coal mining industry provides a large amount of work the year round. Its high production period is in the winter time and as such supplies jobs at a time when a good part of the Canadian labour force is idle. Hence it tends to reduce the winter unemployment problem and consequently, every effort should be made by all concerned to keep the industry thriving.

(F) Research

The coal producers of Western Canada are extremely interested in finding new uses for coal and its by-products with the resultant development of new markets for their coal. This, however, can only be achieved as the result of an active and intensive basic research program which the industry, in its present depressed condition, is unable to support. The Federal and Provincial Governments should expand their existing research programs with a view to finding more uses for coal and its by-products; producing better coal-burning and cleaning equipment; and learning more about the combustion of sub-bituminous coals in large boilers for thermal electric plants.

(G) Merits of Strip-Mined Coal

There is a popular misconception that coal produced by strip mining methods does not satisfy the requirements of the coal



consumer.

The sub-bituminous coal produced by underground and strip mines in Alberta has decreased from 3,200,485 tons in 1945 to 1,734,698 tons in 1959. Strip-mined sub-bituminous coal amounted to 833,129 tons, or 26% of the 1945 production and increased until it was 1,056,911 tons, or 61% of the tonnage produced in 1959 (see Appendix "B").

It is therefore respectfully submitted that coal produced by strip-mining methods (1) should be treated in a similar and equal manner to coal produced by other methods whether in Eastern or Western Canada, (2) shows a popular demand for good coal at a reasonable price, and (3) the quality of such coal satisfies a large percentage of the coal consuming public.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

THE ALBERTA RECLAMATION ASSOCIATION

per:

W. S. Blackstock  
Secretary





# APPENDIX "A"

## Alberta Sub-Bituminous Strip Coal Mines Operating Costs and Revenues Per Net Ton of Marketable Coal Produced 1956-1958 Inclusive

	<u>ALBERTA DOMESTIC STRIPPING</u>					
	1956		1957		1958	
	Cost	% \$/ton	Cost	% \$/ton	Cost	% \$/ton
<b>OPERATING COSTS</b>						
Labour	34.8	1.15	33.4	1.16	33.4	1.09
Welfare Fund	.2	.01	.2	.01	.2	.01
Vacation Pay	.5	.02	.5	.02	.5	.02
Workmen's Compensation	.4	.01	.4	.01	.4	.01
Maintenance, Repairs and Supplies	13.2	.44	11.0	.38	8.8	.28
Total Mine Costs	49.1	1.63	45.5	1.58	43.3	1.41
Taxes and Insurance	2.6	.09	2.9	.10	3.6	.12
Power	1.7	.06	1.9	.06	2.5	.08
Royalties	4.1	.13	3.8	.13	3.7	.12
Administration and Supervision	5.1	.17	6.9	.24	8.3	.27
Miscellaneous Expense	.5	.01	1.0	.04	1.2	.04
Total Cost to Tipple	63.1	2.09	62.0	2.13	62.6	2.04
Tipple & Washing Plant	6.9	.23	8.6	.30	8.2	.27
Total Cost FOB Cars	70.0	2.32	70.6	2.45	70.8	2.31
Depreciation	21.5	.72	20.3	.71	20.5	.67
Depletion	2.5	.08	2.3	.08	2.4	.08
Bond & General Interest	1.2	.04	1.2	.04	1.1	.03
Distribution	4.8	.16	5.6	.19	5.2	.17
Total Costs	100.0	3.32	100.0	3.47	100.0	3.26
<b>REVENUES</b>						
Coal Sales		3.17		3.19		3.04
Miscellaneous Income		.21		.32		.25
Total Income		3.38		3.51		3.29
<b>PROFIT (P) OR LOSS (L)</b>						
Before Income Tax		(P) .06		(P) .04		(P) .03
<b>PRODUCTION</b>						
Coal Produced Net Tons	1,304,698		1,117,945		928,244	
Tons Produced Per Man Day	14.53		14.46		14.35	

The above information has been taken from the 1956, 1957 and 1958 Annual Reports of The Dominion Coal Board, which are the only reports available giving separate breakdowns of cost and revenue for Alberta strip mined sub-bituminous coals.



# APPENDIX "B"

## COMPARISON OF STRIP AND UNDERGROUND COAL PRODUCTION IN ALBERTA

FOR THE CALENDAR YEARS 1945 - 1959, INCLUSIVE

	Bituminous Strip	Sub- Bituminous Strip	Total Strip	Bituminous Underground	Sub- Bituminous Underground	Total Underground	Total Production
1945	491,736	833,129	1,324,865	4,109,027	2,367,356	6,476,383	7,801,248
1946	991,335	831,505	1,822,840	4,398,261	2,603,354	7,001,615	8,824,455
1947	1,170,875	709,704	1,880,579	3,666,501	2,527,516	6,194,017	8,074,596
1948	1,709,039	1,007,042	2,716,081	3,211,757	2,183,175	5,394,932	8,111,013
1949	1,914,463	1,027,493	2,941,956	3,580,864	2,094,163	5,675,027	8,616,983
1950	1,865,120	1,233,234	3,098,354	2,927,900	2,091,952	5,019,852	8,118,206
1951	1,708,256	1,120,858	2,829,114	2,951,033	1,881,129	4,832,162	7,661,276
1952	1,455,453	1,233,056	2,688,509	2,923,169	1,582,794	4,505,963	7,194,472
1953	1,288,118	1,247,075	2,535,193	2,229,381	1,152,849	3,382,230	5,917,423
1954	851,381	1,278,186	2,129,567	1,550,804	1,178,765	2,729,569	4,859,136
1955	806,705	1,297,530	2,104,235	1,308,187	1,044,156	2,352,343	4,456,578
1956	747,018	1,257,616	2,004,634	1,317,705	1,007,300	2,325,005	4,329,639
1957	357,535	1,027,337	1,384,872	908,309	862,173	1,770,482	3,155,354
1958	248,969	997,608	1,246,577	585,287	688,075	1,273,362	2,519,939
1959	157,442	1,056,911	1,214,353	657,371	677,787	1,335,164	2,549,517
	15,763,445	16,158,284	31,921,729	36,325,562	23,942,544	60,268,106	92,189,835

The difference in coal production shown in Appendix "A" and Appendix "B" for the same year is due to the former being based on the Financial Year and the latter on the Calendar Year.





## APPENDIX "C"

### A GENERAL CLASSIFICATION OF ALBERTA COALS BY GROUPS

#### Group I

Low volatile, non-caking and caking bituminous coals.

Range of Typical Analyses: Moisture 1 to 2%, Ash 8 to 10%, Volatile matter 10 to 16%, Fixed Carbon 73 to 80%, Heat Value 14,000 to 14,200 B.t.u. per pound.

#### Group II

Medium and High volatile caking bituminous coals.

Range of Typical Analyses: Moisture 1 to 4%, Ash 8 to 15%, Volatile Matter 20 to 36%, Fixed Carbon 46 to 65%, Heat Value 12,000 to 13,500 B.t.u. per pound.

#### Group III

High Volatile C bituminous non-caking coals.

Range of Typical Analyses: Moisture 7 to 12%, Ash 7 to 13%, Volatile Matter 32 to 35%, Fixed Carbon 41 to 50%, Heat Value 10,400 to 11,900 B.t.u. per pound.

#### Group IV

Sub-bituminous A and B non-caking Coals.

Range of Typical Analyses: Moisture 16 to 25%, Ash 6 to 12%, Volatile Matter 26 to 32%, Fixed Carbon 38 to 45%, Heat Value 8,500 to 10,000 B.t.u. per pound.

#### Group V

Sub-bituminous B and C non-caking coals.

Range of Typical Analyses: Moisture 24 to 30%, Ash 5 to 9%, Volatile Matter 27 to 30%, Fixed Carbon 35 to 40%, Heat Value 7,700 to 9,000 B.t.u. per pound.



APPENDIX "D"

Group I

Coal Areas:		
Cascade	-	Low volatile, bituminous; also semi-anthracite
Nordeg	-	Low volatile bituminous.

Group II

Coal Areas:		
Crowsnest	-	Medium volatile bituminous; also high volatile A bituminous.
Mountain Park-		High volatile A bituminous and medium volatile bituminous.

Group III

Coal Areas:		
Coalspur	-	High volatile C bituminous
Halcourt	-	High volatile C bituminous; also sub-bituminous B
Lethbridge	-	High volatile C bituminous
Morley	-	High volatile B bituminous
Pekisko	-	High volatile B bituminous
Pincher	-	High volatile B bituminous; also high volatile A and high volatile C bituminous.
Prairie Creek-		High volatile B and high volatile C bituminous
Saunders	-	High volatile C bituminous

Group IV

Coal Areas:		
Ardley	-	Sub-bituminous B
Big Valley	-	Sub-bituminous B
Brooks	-	Sub-bituminous B
Carbon	-	Sub-bituminous B; also sub-bituminous A
Champion	-	Sub-bituminous A; also sub-bituminous B
Drumheller	-	Sub-bituminous B
Edmonton	-	Sub-bituminous B
Gleichen	-	Sub-bituminous B
Milk River	-	Sub-bituminous A and Sub-bituminous B
Pembina	-	Sub-bituminous B
Taber	-	Sub-bituminous A and Sub-bituminous B
Wetaskiwin	-	Sub-bituminous B
Whitecourt	-	Sub-bituminous B

Group V

Coal Areas:		
Camrose	-	Sub-bituminous C; also sub-bituminous B
Castor	-	Sub-bituminous C; also sub-bituminous B
Edmonton	-	Sub-bituminous C
Pakowki	-	Sub-bituminous C and lignite
Redcliff	-	Sub-bituminous C
Rochester	-	Sub-bituminous C
Sheerness	-	Sub-bituminous C
Tofield	-	Sub-bituminous C
Westlock	-	Sub-bituminous C



